Loans Disbursed by banks in Nagaland

1453. SHRI T.R. ZELIANG: Will the Minister of FINANCE be pleased to state the details of the loans disbursed by the nationalized Banks for agricultural purposes to the farmers, small scale units and artisans in the State of Nagaland during the last three years, bank-wise and year-wise?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): Bank-wise details of loans disbursed for agricultural purposes to the farmers, small scale units and artisans in the State of Nagaland during the year 2001-02, 2002-03 and 2003-04 by Nationalized Banks is given in the statement.

Adverse Impact of Implementation of VAT

1454. SHRI KARNENDU BHATTACHARJEE: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that the implementation of Value Added Tax (VAT) system will have adverse impact on prices of diesel, kerosene, petrol, eco-friendly CNG, rice, pulses and other essential items;

(b) if so, what is the expected amount of increase in prices of various items covered under VAT; and

(c) Government's reaction about adverse impact on its implementation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) VAT is a State level tax reform measure which is proposed to be implemented by States in *lieu of* the existing Sales Tax system. Under the VAT regime, cascading of taxes is eliminated by providing input tax credit leading to less tax burden, which means VAT should not lead to increase in prices. This is also corroborated by the international experience. Moreover, the Empowered Committee of State Finance Ministers has also decided that after the introduction of VAT, each State should set up a VAT Cell, *inter-alia*, to monitor price movements of goods.